



CASE STUDY

## IMPROVING ACQUISITION DUE DILIGENCE AND INTEGRATION

TRANSFORM

With a Strategic Framework for Success

### THE BUSINESS CHALLENGE

Our client, a multi-billion-dollar global organization, had engaged in over 40 acquisitions during the past 12 months. **Fewer than 25% of the acquisitions achieved the targeted ROI.** Despite the frequency of the mergers and acquisitions activity, the organization did not have a repeatable model with supporting processes in place that would allow the company to assess the risks and understand the true total cost of an acquisition prior to closing the deal. As a result, the company had **incurred millions of dollars in “surprise” costs and fees post-close.** In some cases the integration of an acquisition took significantly longer than anticipated, making it even more costly to the organization.

In addition to the due diligence issues, the company faced several operational issues post-close. Employees did not have clear direction on processes and hand-offs within the organization, during an integration. This resulted in **frustration and higher than normal employee turnover.** Problems also manifested themselves in the customer service organization. **Customers complained with increasing frequency** about difficulty in dealing with the organization to get their issues resolved. It was critical for customer service quality to remain high throughout the integration. This would only be possible if employees were informed and clearly defined processes for issue resolution and hand-offs were in place to eliminate confusion and frustration—both for employees and for customers.

### AGSI'S HIGH-LEVERAGE SOLUTION

AGSI's **Strategic Acquisition Framework** incorporated aspects of best practices, including CMM, ITIL and MBNQA. The Framework gave management the visibility into risks and potential costs as well as a more accurate timeline to **better assess the impact of an acquisition from an operational and financial perspective.** The Strategic Acquisition Process Model identified key requirements and included a method to identify and estimate post-close costs for integration. In addition, all processes were defined with supporting templates, thereby reducing cycle time for gathering information, increasing the quality of the decision-making, and **improving the overall ROI of an acquisition.**

### VALUE TO THE ENTERPRISE

The client is **now able to make an informed decision that impacts negotiations** or may lead to walking away from a deal. The Framework outlines a coordinated effort from the Letter of Intent to the successful integration. This allows the client to be more efficient during the due diligence process, **decreasing the cycle time for the integration and improving overall productivity.** Employees now have clear direction, and management has a defined roadmap and more accurate timeline for integrating operations.

### IN BRIEF

#### CLIENT:

Global Company

#### ENGAGEMENT:

Acquisition Integration Framework Development

#### CHALLENGE:

In a high-growth environment, remediate a struggling integration process in which fewer than 25% of acquisitions achieve targeted ROI

#### OUTCOME:

A strategic acquisition framework was designed and implemented, providing stronger decision-making capability before acquisitions and greater effectiveness post-close